

Publications

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Philadelphia Voters Approve “PhillySaves” Automatic Retirement Savings Program

Key Takeaways

- Philadelphia voters overwhelmingly approved a ballot measure authorizing the creation of the Philadelphia Retirement Savings Board to oversee “PhillySaves,” a city-run automatic retirement savings program for workers whose employers do not sponsor retirement plans.
- The program will automatically enroll eligible employees into payroll-deduction Individual Retirement Accounts (IRAs) unless employees affirmatively opt out.
- PhillySaves will be the first municipal-level automatic IRA program in the country and reflects the continued expansion of state and local retirement savings mandates.
- Although employers will not be required to contribute to employee accounts, covered employers will likely be required to facilitate payroll deductions and satisfy administrative compliance obligations.

Philadelphia voters have approved the creation of the Philadelphia Retirement Savings Board, which will oversee the new “PhillySaves” automatic retirement savings program. When implemented, PhillySaves will be the first municipal-level automatic retirement savings program. In this alert, we explain how the program fits within the broader expansion of state and local retirement savings mandates and highlight key considerations for employers as implementation moves forward.

Overview of the PhillySaves Program

Under the approved framework, employees working for covered employers will automatically be enrolled in IRAs funded through payroll deductions unless they elect to opt out. Current reporting indicated the program will apply to businesses operating in Philadelphia for at least two years and employing at least one employee.

Highlights of the program include:

- Automatic employee enrollment with the ability to opt out;
- Payroll deduction contributions deposited into employee-owned IRAs;
- Portability of accounts between employers; and

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- No employer contributions.

The program is designed to avoid classification as an “employee pension benefit plan” subject to ERISA by limiting employer involvement to payroll deduction functions.

The program is anticipated to operate similarly to automatic IRA programs already implemented in several states and the city expects the program to launch by July 2027.

Growing Trend of State and Local Retirement Savings Mandates

PhillySaves is part of a growing initiative by state and local governments to expand private company employees’ access to retirement savings opportunities. As of June 1, 2026, 22 states have established programs requiring covered employers to join state-facilitated retirement savings arrangements. Pennsylvania does not currently maintain a statewide auto-IRA program; however, Philadelphia’s initiative may signal a broader interest in government-sponsored retirement savings programs.

Employers already sponsoring qualified retirement plans, like 401(k) plans, are generally exempt from similar state-run auto IRA programs. Employers without existing retirement plans, however, may face new administrative responsibilities and potential penalties for noncompliance once PhillySaves becomes operational.

PhillySaves Compliance Considerations for Employers

While key implementation details remain forthcoming, employers can begin assessing whether the program may apply to their operations and what steps may be needed to prepare for compliance. Now is the time to:

- **Determine Potential Coverage.** Employers should evaluate whether they may fall within the scope of the program based on workforce size, business operations and existing benefit offerings.
- **Assess Existing Retirement Plan Strategy.** Some employers may determine that adopting a qualified retirement plan provides greater flexibility and employee benefit value than participating in a city-administered automatic IRA program.
- **Prepare for Payroll and Administrative Compliance.** Covered employers will likely need to coordinate payroll systems, employee notices and enrollment procedures to comply with program requirements. Because PhillySaves will be overseen by the new Philadelphia Retirement Savings Board rather than participating employers, employers should not bear any fiduciary responsibility for investment outcomes.
- **Monitor Additional Guidance.** The program remains in the implementation stage. Employers should closely monitor future regulations, enrollment timelines, exemption procedures and enforcement guidance.

Looking Ahead

The approval of PhillySaves marks another step in the continued expansion of automatic retirement savings initiatives at the state and local level. Employers operating in Philadelphia without existing retirement plans should proactively assess whether future compliance obligations may apply and consider whether implementing an employer-sponsored retirement plan may better align with workforce and business objectives.

As additional guidance becomes available, employers should consult with benefits counsel regarding potential compliance obligations, exemption opportunities and strategic retirement plan considerations. For more information, contact the alert authors or your preferred Polsinelli attorney.

